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# INFORMATION REPORT

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**SUBJECT**      **Conditions in Shanghai**

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### General Observations

1. During the period of 15 March to 20 April 1950 there was increasing disillusionment among the people of Shanghai over the virtues of the new Communist Government. Economic deterioration which began in the summer of 1949 continued, with more people out of work and more business establishments attempting to obtain permission to close. Destitute people became more numerous on the streets, many of them appearing to be refugees from the countryside.
2. In addition there was growing evidence of Soviet Russian influence in Shanghai as the presence of larger numbers of Russians became more obvious. The shabby dress of many of these Soviets had an adverse effect on many Chinese although the Chinese Communists claimed this an example of the willingness of the Soviets to share the lot of the ordinary Chinese. The presence of Soviet jet fighter planes over Shanghai, of which source saw ten, did not noticeably raise the morale of the people.
3. Great pressure was being put on the Chinese the last of March and early in April to buy more victory bonds, in order that the quota for Shanghai of the equivalent of US\$30,000,000 dollars be met. There was much grumbling about the necessity to buy bonds. Although it was publicly claimed that all purchases were voluntary, it appeared that any one holding a governmental position was effectively required to buy bonds, and members of labor unions (which included most of the working people of Shanghai) were under great pressure to buy. It apparently was possible to satisfy some unions with a purchase of one or two bonds, whereas other unions exerted strong pressure to buy many more.
4. It must not be supposed, however, that all Chinese in Shanghai are turning against the new regime. There were still many in the intellectual class, such as middle school and university teachers and workers in philanthropic organizations including Christian institutions, who remain convinced that

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the new Government was the best thing that has happened to China in the last hundred years. They dismiss the growing economic troubles with the observation that everyone (meaning apparently the new leaders) have frankly said that times are going to be extremely bad in China for the next two years but that after that the new era will come into its own based upon the firm foundation of Chinese self-help. This same group continue to characterize the leaders at the top as good men, working solely for the best interests of the Chinese people, and tend to blame much of their difficulties on a scarcity of adequately trained people to fill the lower echelons.

Foreigners in Shanghai

5. During this period the rank-and-file Chinese have shown an increasing friendliness toward the Americans living there. Arguments with pedicab coolies have become rare, unpleasant incidents on the streets were entirely lacking, police officials were friendly and courteous, and oral expressions of concern over the departure of and wishes for the early return of American official personnel as well as the American community in general were heard very frequently. Numerous incidents of friendliness by customs inspectors at Shanghai and also in Tientsin were reported by the people who were on the SS GENERAL GORDON. It was the consensus of old residents of Shanghai that the ordinary Chinese was never as friendly toward the Americans as he has been this spring. It was apparent that the violent anti-American propaganda appearing daily in the Shanghai papers was having very little effect on the general populace.
6. The British business and official community was becoming very discouraged over the prospects of getting on in Communist China, and during this period there was increasing expressions by them of hopelessness and an increasing number were leaving.
7. A significant feature of the Shanghai atmosphere in the last weeks prior to the departure of the large group of Americans about 20 April was the increasing number of anti-Soviet rumors which circulated about town. Stories of numerous rapings of Chinese women by Soviets, of difficulties between Soviets and Chinese officials, of what happened to MAO Tse-tung when he was in Moscow, etc., were avidly repeated. Although it is questionable as to the amount of fact there was in the rumors, the circulation of such rumors in considerable numbers is indicative of the thinking of the rank-and-file Chinese. They seem to wish to believe them.
8. On the other hand, there appeared to be considerable apathy toward the presence and increase in numbers of Soviet Russians. On suggesting to a Chinese that they could look to the USSR for assistance when the Americans left, the invariable answer was that the USSR would not be able to do anything for China.

Popular Regard for the New Government

9. The opposition to the new Communist regime in Shanghai among the Chinese is very definitely economic. The foremost thought in the minds of the Chinese is that jobs were becoming more scarce, taxes are extremely burdensome, in some instances requiring merchants to sell their goods below cost to meet the taxes and bond purchase requirements. All indications of defection in the countryside indicated such feelings are based almost solely on taxes and outright confiscation of goods leaving the ordinary peasant in a sad economic plight, with famine threatening.
10. There was very little heard of differences between the people and the new regime over political ideology. If the Communist regime is able to better the economic lot of the Chinese there will be a considerable amount of popular support for it, irrespective of the obvious presence of Soviet influence. On the other hand, so long as the economic plight of the people remains serious and continues to grow worse the new regime will not be able to attract support and will gradually lose much of the support from among two of the classes upon whom they have relied for support, namely the peasant and the worker in the

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factory. In so far as the Chinese are aware of a direct connection between the USSR influence and their deteriorating economic condition, they will strongly resent the presence of the Soviets and their influence, but I strongly suspect that if in fact economic conditions are bettered they will no longer cease to worry about Soviet influence; or might be favorably inclined, if it appears to them that the USSR might have had something to do with such improvements.

11. The rank-and-file Chinese are not very concerned over the Communist Party line, although those elements of the ideology which feature nationalism have had a favorable response. (The general impression was gained that the Shanghai Chinese got satisfaction in observing the measures taken by the new regime to humble and humiliate the foreigners.) Organized classes, discussion groups, and public forums are frequently used by the Communists to instill a favorable attitude toward the political thinking of the regime. Large numbers of people attend these meetings regularly, especially members of labor unions. There are, however, frequent reports of adult groups attending evening meetings out of necessity and leaving them quite unimpressed. One reason for the apathy of the people toward the orientation as presented is their previous lack of respect for Russians in Shanghai. Another reason is that much of the factual propaganda is so patently untrue as to be obvious to the most naive Chinese. The Chinese find the Marxist-Leninist doctrines very obtuse. There is evidence, however, that the new doctrines are taught in all schools as the incontrovertible truth and are so being accepted by primary and secondary school pupils.
12. There was no organized resistance to the Communist regime in Shanghai proper but there were many rumors to the effect that resistance has broken out often in Footung. One unverified report heard the first week in April stated that guerrillas had virtually taken over most of the eastern part of Footung and in the countryside to the sea, making it possible for the Nationalists to land raiding parties on the coast east and southeast of Shanghai.
13. The Communists at the outset of their occupation of Shanghai established a reputation for honesty and uncorruptibility among its officials. This reputation continued and there was very little evidence of dishonesty among the officials even though they are very poorly paid. This is especially noticeable among the tax officials. One of the complaints heard among the Chinese concerning their taxes was that it was no longer possible to evade payment by handouts to tax collectors or officials higher in the government. Tax rates are high and very burdensome in terms of ability to pay but probably no higher than under the Nationalists.
14. An important feature of the Communist program is an attempt at moral rejuvenation through criticism and self-examination. Frequent meetings are held in factories and in schools at which criticism of others and self-criticism are encouraged. Many plays were staged in Shanghai during the winter of 1949-1950 having as the main themes building of character, teamwork, unselfishness and national patriotism. I saw several of these plays and all were well-done, including acting, stage settings, and high moral tone. The plays ran for several weeks, and were produced in different theatres throughout the city. Actors included some of the leading movie stars and students and graduates from the leading universities. There was near capacity attendance at each of the plays. People often attended in groups, such as middle schools or labor unions, etc. Anti-foreign propaganda and pro-Communist propaganda was generally lacking in these plays.
15. There was no evidence during this period of any developing split within the ranks of the Communist party in Shanghai or in the East China Military and Political Control Commission.
16. A large number of American-educated Chinese have turned up in the Communist Party ranks and in positions of some influence in the new government. Some of them have been among the most anti-American in the public speeches and in administering their duties. It was also noticeable that among the intellectual Chinese who support the new regime, there are large numbers of returned students.

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~~CONFIDENTIAL~~Miscellaneous Observations

17. During negotiations an American had with his servants over question of separation pay, two members of labor unions who negotiated with them said they were very hard up economically, their wages were extremely low, they would not be able to buy the victory bonds which the government had told them they had to buy. They did not expect any assistance for China from the USSR, and they hoped that the Americans would return to China soon.
18. During these negotiations it was necessary to spend three mornings at the Central Police Station on Foochow Road while two police officers attempted to mediate the dispute. The police at the outset made it clear that they were not going to force either party to accept any decision or offer. They made it clear that they were not going to force the American employer to accept what the servants wanted nor would they force the servants to accept what he offered. At the close of the negotiations when it appeared that no agreement could be reached the police strongly recommended to the servants that they accept the employer's offer and went so far as to suggest that they (the police) would personally guarantee that the American would give them a little something over and above his offer if they would accept it. After the negotiations broke down the police made it clear that the employer was not to be interfered with by the servants when he moved and made final preparations to leave the country. As a result the employer was able subsequently to make a final settlement with the servants directly in line with the final suggestion made by the police. Such an attitude on the part of the police probably would not have been possible in the summer or fall of 1949. 25X1X6

Observations on train trip from Shanghai to Tientsin and in Tientsin.

19. The train was efficiently run, starting on time, and arriving in Tientsin on schedule. Its scheduled speed is quite slow, the trip taking 34 hours. Chinese officials handled the large number of passengers and baggage in an efficient manner.
20. Repair work on the line was noticeable all along the way. Good progress was being made in rebuilding permanent bridges over the major rivers.
21. Eight shabbily dressed Soviets rode first class sleepers accompanied by a silent morose Chinese escort. Lack of conviviality among the Soviets and between the Soviets and their Chinese escort was very noticeable.
22. There was no evidence of extreme famine conditions to be seen along the way. There was food for sale on the station platforms at all stops, and food supplies could be seen in the market stalls along the streets near the stations. Chickens, vegetables and fruit were seen in some quantity.
23. Tientsin gave the air of being economically better off than Shanghai. Prices were more reasonable and not many beggars were observed.
24. In Tientsin source talked to a number of Chinese, most of whom were Christians or directly connected with Christian philanthropic institutions. Several of these people were foreign trained. One noticeable thing was that they were dressed so as to indicate prosperity, the wives being especially well-dressed. They seemed more gay and adjusted to the new regime than similar groups observed in Shanghai. In their conversation there was no criticism of the Communist Government, although there was discussion of politics. There were expressions of regret that the Communist Government and the American Government were not going to establish diplomatic relations.

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